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FM AMEMBASSY SARAJEVO
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SUBJECT: BOSNIA: GETTING CLOSER TO QUALIFYING FOR IMF AND
WORLD BANK SUPPORT

REF: SARAJEVO 181

¶1. (SBU) As expected, the Federation House of Peoples ratified the set of amendments to reform the system of social benefits passed yesterday by the Federation House of Representatives (Reftel). This was the last remaining hurdle before the amendments enter into law. These amendments are expected to fulfill requirements for release of budget-support funds from the World Bank and IMF. However this cannot be confirmed until the World Bank and IMF complete their evaluation of this legislation, which they tell us could take a week or two.

¶2. (SBU) In contrast to yesterday's session in the House of Representatives, where the legislation was passed virtually without debate, in the House of Peoples opposition parliamentarians from the Social Democratic Party raised numerous objections and demanded a roll call vote. However, no members of the coalition parties broke ranks to vote against the legislation. Assuming that the World Bank and IMF are satisfied with these amendments, it appears that the political and economic crisis that would have been caused by failing to obtain budgetary support has been averted.
ENGLISH